

THE 1997 DISCOUNT BROKER SURVEY: A GUIDE TO COMMISSIONS AND SERVICES

By Marie Swick and
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Annual survey of discounters provides a comparison of commissions charged for a range of trades, as well as services offered by the firms.



Commissions charged by discount brokers continue their downward trend, according to AAII's most recent survey. While year-to-year decreases have been modest, the declines are adding up to big savings over the longer term. Over the past five years, the average commission for the three representative trades tracked by AAII has declined between 17% and 27%.

In addition, with the explosion of the Internet in the past year, the number of brokers with a presence on the World Wide Web has increased dramatically. Most discount brokers maintain a Web site as a marketing tool, but a substantial number are offering on-line trading and account information through the Internet. In some cases, research reports can be accessed by broker customers through the Web without charge.

Information on the commissions charged for a range of trades, as well as services offered, is included in the *AAII Journal's* annual survey of discount brokerage firms. This year's survey covers 100 firms that refer to themselves as discount firms.

The survey is designed to help individual investors spot the discount brokers that best meet their needs in terms of cost and services.

What does the listing cover?

COMMISSIONS

The stock commissions charged by discount brokerage firms vary widely not just by amount, but also by the way in which they are determined. For instance, some discounters' rates are based on the dollar value of the transaction, others' rates are based on the number of shares in the transaction, some use a combination, and some simply provide a table that lists the prices for various transactions without providing any formulas.

This makes generalized comparisons impossible, since certain firms

will be cheaper for some kinds of trades, yet more expensive for others. To help overcome that problem, our listing presents three trades that cover a range of possibilities for the typical individual investor: a modest trade of a higher-priced stock (100 shares at \$50 per share, a \$5,000 transaction); a large trade (500 shares at \$50 per share, a \$25,000 transaction); and a modest trade of a low-priced stock (1,000 shares at \$5 per share, a \$5,000 transaction). Commissions charged by each broker for these trades are presented in total dollars and as a percentage of the total transaction.

The trades reflect commissions for exchange-listed stocks, although most of the firms charge the same rate for stocks traded over the counter; a few, however, do not. The minimum commission amount represents the minimum dollar amount charged for any stock trade by the firm.

At the end of the listing (on p. 20), we have indicated the average, the highest, and the lowest charges and percentages for each trade as a point of comparison.

The three transactions should give you some basis for comparing the various firms. However, certain discounts as well as additional charges by some firms may not be reflected in these particular examples. Examples of further discounts offered by a few firms include:

- Trades of a large number of shares, for instance over 1,000 shares per transaction.
- Trades of a large dollar volume. Several firms, in fact, offer special accounts for customers who consistently trade in large volume; these are noted in the listings by a double asterisk.
- Trades generating a set level of commissions in a period.
- Accounts in which frequent trades are consistently made, usually only offered on a case-by-case basis.

(continued on p. 20)

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| Telephone | * Brokerage Firm | Commission | | | | | | | Min. (\$) | Minimums to Balance Open (\$) | Require (\$) | Cash Balance | Fees | | | Research |
|----------------|--|-----------------------------------|------|------------------------------------|------|-----------------------------------|------|-----------------------|-----------|-------------------------------|--------------------|--------------|---------------------|-----------------------|----------------|----------|
| | | 100 Shares at \$50/Share | | 500 Shares at \$50/Share | | 1,000 Shares at \$5/Share | | Transfer Account (\$) | | | | | Shares in Name (\$) | Inactive Account (\$) | | |
| | | Total: \$5,000 as % of Trade (\$) | | Total: \$25,000 as % of Trade (\$) | | Total: \$5,000 as % of Trade (\$) | | | | | | | | | | |
| 800/494-8946 | AccuTrade | 37.00 | 0.74 | 45.00 | 0.18 | 55.00 | 1.10 | 35.00 | | | Interest (\$1,000) | 25 | | | Standard (fee) | |
| 800/999-3699 | Advisors Group, (The) | 50.00 | 1.00 | 149.50 | 0.59 | 80.00 | 1.60 | 45.00 | | | Sweep | | | | | |
| 800/297-8800 | American Express InvestDirect | 27.45 | 0.54 | 29.45 | 0.11 | 31.95 | 0.63 | 26.96 | | | Interest | 50 | 15 | Varies | Standard (fee) | |
| 800/221-5873 | Andrew Peck | 50.00 | 1.00 | 72.50 | 0.29 | 90.00 | 1.80 | 50.00 | | | Interest (\$2,000) | | | | | |
| 800/328-4076 | Arnold Securities | 35.75 | 0.71 | 130.16 | 0.52 | 69.85 | 1.39 | 35.00 | | | Interest (\$250) | | | | | |
| 800/368-3668 | Aufhauser (K.) & Co. | 24.99 | 0.49 | 34.00 | 0.13 | 34.00 | 0.68 | 24.99 | | | Sweep (\$500) | | 15 | 25 | Standard | |
| 800/321-1640 | Baker & Co. | 40.00 | 0.80 | 80.00 | 0.32 | 55.00 | 1.10 | 40.00 | | | Sweep | | | | Standard | |
| 800/338-3965 | Bank of San Francisco | 50.00 | 1.00 | 140.00 | 0.56 | 79.50 | 1.59 | 50.00 | | | Interest (\$1,000) | | | | Standard | |
| 800/221-2111 | Barry Murphy & Co. | 32.50 | 0.65 | 62.50 | 0.25 | 60.00 | 1.20 | 25.01 | 5,000 | | Sweep (\$1,000) | 50 | | 50 | Standard (fee) | |
| 888/788-7233 | Beckman Discount Securities¹ | 31.50 | 0.63 | 31.50 | 0.12 | 31.50 | 0.63 | 31.50 | 5,000 | | Sweep | 25 | 10 | | Standard (fee) | |
| 800/547-6337 | Bidwell & Co. | 28.00 | 0.56 | 60.00 | 0.24 | 60.00 | 1.20 | 20.00 | | | Sweep | | 10 | | Standard (fee) | |
| 800/822-2021 | Brown & Co. | 29.00 | 0.58 | 29.00 | 0.11 | 29.00 | 0.58 | 29.00 | 10,000 | | Interest (\$1,001) | | 20 | | | |
| 800/899-6878 | Bruno, Stolze & Co. | 45.00 | 0.90 | 130.00 | 0.52 | 75.00 | 1.50 | 39.00 | | | Interest (\$1,000) | | | 25 | Standard | |
| 800/262-5800 | Bull & Bear Securities | 44.00 | 0.88 | 124.00 | 0.49 | 72.00 | 1.44 | 31.00 | | | Sweep (\$10) | | | | Standard | |
| 800/621-0392 | Burke Christensen & Lewis | 34.00 | 0.68 | 120.00 | 0.48 | 70.00 | 1.40 | 34.00 | | | Interest | | | | | |
| 800/821-4800 | Bush Burns Securities | 35.00 | 0.70 | 35.00 | 0.14 | 35.00 | 0.70 | 35.00 | 5,000 | 5,000 | Interest (\$1,000) | | | 50 | | |
| 800/669-3900 | Ceres Securities | 18.00 | 0.36 | 18.00 | 0.07 | 18.00 | 0.36 | 18.00 | 5,000 | | Interest (\$1,000) | 25 | 25 | | | |
| 800/435-4000 | Charles Schwab | 55.00 | 1.10 | 155.00 | 0.62 | 90.00 | 1.80 | 39.00 | 1,000 | 1,000 | Sweep (\$1,000) | | 15 | | Standard | |
| 800/432-0327 | CompuTel Securities | 19.75 | 0.39 | 19.75 | 0.07 | 19.75 | 0.39 | 19.75 | 5,000 | 1,000 | Sweep | | | | Standard | |
| 800/292-6637 | Consolidated Financial | 35.00 | 0.70 | 45.00 | 0.18 | 59.50 | 1.19 | 35.00 | | | Sweep (\$500) | | | | Standard | |
| 800/218-4625 | Cutter & Co. Brokerage | 55.00 | 1.10 | 60.00 | 0.24 | 60.00 | 1.20 | 35.00 | | | Sweep (\$250) | | | | Standard | |
| 813/586-3541 | Downstate Discount | 45.00 | 0.90 | 90.00 | 0.36 | 65.00 | 1.30 | 35.00 | | | Sweep | | | | Standard | |
| | eBroker | 12.00 | 0.24 | 12.00 | 0.04 | 12.00 | 0.24 | 12.00 | 10,000 | | Interest (\$1,000) | 15 | 10 | | | |
| 800/786-2575 | E*Trade Securities* | 14.95 | 0.29 | 14.95 | 0.05 | 14.95 | 0.29 | 14.95 | 1,000 | | Sweep (\$100) | 20 | 5 | | Standard (fee) | |
| 800/900-8101 | Empire Financial Group* | 25.00 | 0.50 | 25.00 | 0.10 | 25.00 | 0.50 | 25.00 | | | Sweep | 50 | 20 | 50 | Standard (fee) | |
| 415/853-0817 | Feshbach Bros. Investor Serv ^{††} | 37.50 | 0.75 | 50.00 | 0.20 | 100.00 | 2.00 | 37.50 | | | Sweep | | | | Standard | |
| 800/544-8666 | Fidelity Brokerage Services | 54.00 | 1.08 | 154.50 | 0.61 | 88.50 | 1.77 | 38.00 | 5,000 | | Sweep | | 15 | 30 | Standard (fee) | |
| 800/326-4434 ✕ | First Union Brokerage | 45.00 | 0.90 | 140.00 | 0.56 | 90.00 | 1.80 | 40.00 | | | Sweep | | 15 | 25 | Standard (fee) | |
| 800/221-8210 | Fleet Brokerage Securities | 46.20 | 0.92 | 135.55 | 0.54 | 67.77 | 1.35 | 37.00 | | | Sweep (\$500) | | 15 | | Standard (fee) | |
| 800/221-1660 | Freedom Investments | 25.00 | 0.50 | 25.00 | 0.10 | 25.00 | 0.50 | 25.00 | 5,000 | | Interest (\$5,000) | 50 | 50 | 25 | Standard (fee) | |
| 800/729-7585 | Freeman Welwood & Co. | 45.00 | 0.90 | 145.00 | 0.58 | 70.00 | 1.40 | 34.00 | | | Sweep (\$500) | | | | Standard | |
| 800/368-7681 | GIT Discount Brokerage | 50.00 | 1.00 | 147.00 | 0.58 | 90.00 | 1.80 | 38.00 | 2,000 | | Interest | 25 | | | | |
| 800/728-1266 | Investors National Corp. | 41.00 | 0.82 | 72.00 | 0.28 | 47.00 | 0.94 | 39.00 | | | Sweep (\$250) | 25 | 25 | | | |
| 800/946-1776 | J.B. Oxford | 23.00 | 0.46 | 23.00 | 0.09 | 23.00 | 0.46 | 23.00 | 10,000 | | Interest | 20 | 15 | | | |
| 800/247-3396 | J.D. Seibert & Company | 49.00 | 0.98 | 140.00 | 0.56 | 75.00 | 1.50 | 49.00 | | | Sweep | | | | Standard | |
| 800/233-3411 | Jack White & Company | 36.00 | 0.72 | 48.00 | 0.19 | 63.00 | 1.26 | 33.00 | 500 | | Sweep (\$500) | | 15 | | Standard (fee) | |
| 800/743-7059 | John Finn & Company | 49.00 | 0.98 | 160.00 | 0.64 | 111.76 | 2.23 | 49.00 | | | Sweep (\$500) | | | 5 | Standard | |
| 800/252-0090 | Kennedy, Cabot & Co. | 33.00 | 0.66 | 33.00 | 0.13 | 53.00 | 1.06 | 33.00 | | | Sweep (\$100) | | | | | |
| 800/671-8505 | Levitt & Levitt | 35.00 | 0.70 | 35.00 | 0.14 | 35.00 | 0.70 | 35.00 | | | Sweep (\$1,000) | 50 | | | | |

*All firms offer SIPC coverage. Brokers with an ✕ before their name do not insure accounts above the SIPC minimum of \$500,000.

Cash Balance

Interest: Pays interest on customers' cash balances. Amounts in parentheses, if any, indicate minimum amount at which interest is paid. If a discount firm offers a sweep account, we do not include information on cash balance interest.

Sweep: Automatically invests cash balances in an interest-bearing money market fund until those funds are reinvested.

Fees

Transfer Account: Charge to transfer account to or from another broker.

Shares in Name: Charge to register stock certificate in owner's name.

Inactive Account: Charge levied if account remains inactive for a period of time.

Research

Standard: Research is supplied to the firm by outside sources.

Custom: Research is supplied by the firm's own analysts.

* Non-market orders are higher

** High volume rates

† Formerly AT-Trade Discount Securities

†† Formerly StockBridge Partners

Investor's Guide to Discount Brokerage Firms

| Self-Directed IRA | Services | | | Computer Trading | | | | | Brokerage Firm |
|-------------------|----------------------|-------------------------|------------------------|------------------|----------------------|------------------------------------|------------------|--|------------------------------|
| | No-Load Mutual Funds | Dividend Reinvest Plans | Clears Trades Directly | On-Line Trading | On-Line Discount (%) | Software/Service | Internet Trading | Internet Address | |
| ✓ | ✓ (fee) | | | ✓ | Varies | Accutrade for Windows | ✓ | http://www.accutrade.com | AccuTrade |
| ✓ | ✓ (fee) | ✓ (fee) | | | | | | | Advisors Group, (The) |
| ✓ | ✓ | ✓ | ✓ | ✓⊗ | Varies | | ✓ | http://americanexpress.com/direct | American Express |
| ✓ | | ✓ | | | | | ✓ | http://www.thehost.com/peck | Andrew Peck |
| ✓ | ✓ (fee) | ✓ (fee) | | | | | | | Arnold Securities |
| ✓ | ✓ (fee) | ✓ | | ✓ | 10% | | ✓ | http://www.aufhauser.com | Aufhauser (K.) & Co. |
| ✓ | | ✓ | | | | | | http://www.bakernyse.com | Baker & Co. |
| ✓ | ✓ (fee) | ✓ | | | | | | http://ourworld.compuserve.com/homepages/bsfbroker | Bank of San Francisco |
| ✓ | ✓ (fee) | ✓ | | | | | | | Barry Murphy & Co. |
| ✓ | ✓ (fee) | ✓ | | ✓ | | PC Trader | | | Beckman Discount Securities |
| ✓ | ✓ (fee) | ✓ | ✓ | | | | | http://www.bidwell.com | Bidwell & Co. |
| ✓ | | ✓ | ✓ | ✓ | | PC Line | | | Brown & Co. |
| ✓ | ✓ (fee) | ✓ | | | | | | | Bruno, Stolz & Co. |
| ✓ | ✓ (fee) | ✓ | | ✓ | 10% | PC Online Investment Center | | | Bull & Bear Securities |
| ✓ | | ✓ (fee) | ✓ | | | | | | Burke Christensen & Lewis |
| ✓ | ✓ (fee) | ✓ | | | | | | | Bush Burns Securities |
| ✓ | ✓ (fee) | ✓ | | ✓ | | | ✓ | http://www.ceres.com | Ceres Securities |
| ✓ | ✓ (fee) | ✓ | ✓ | ✓ | 10% | StreetSmart, e.Schwab | ✓ | http://www.schwab.com | Charles Schwab |
| ✓ | ✓ (fee) | ✓ | | ✓⊗ | | | ✓ | http://www.rapidtrade.com | CompuTel Securities |
| ✓ | | ✓ | | | | | | | Consolidated Financial |
| ✓ | | ✓ (fee) | | | | | | http://www.stocktrader.com | Cutter & Co. Brokerage |
| ✓ | ✓ (fee) | ✓ | | | | | | | Downstate Discount |
| ✓ | | | | ✓⊗ | | | ✓ | http://www.ebroker.com | eBroker |
| ✓ | ✓ (fee) | | ✓ | ✓⊗ | | E*Trade Navigator | ✓ | http://www.etrade.com | E*Trade Securities |
| ✓ | ✓ (fee) | ✓ | | ✓ | | | ✓ | http://www.lowfees.com | Empire Financial Group |
| ✓ | | | | | | | | | Feshbach Bros. Investor Serv |
| ✓ | ✓ (fee) | ✓ | ✓ | ✓ | 10% | Fidelity On-Line XPress (IBM only) | ✓ | http://www.fid-inv.com | Fidelity Brokerage Services |
| ✓ | | | | | | | | | First Union Brokerage |
| ✓ | ✓ (fee) | ✓ (fee) | ✓ | | | | | http://www.fleetbrokerage.com | Fleet Brokerage Securities |
| ✓ | | | | ✓⊗ | Varies | Trade Flash | | http://www.tradeflash.com | Freedom Investments |
| ✓ | ✓ (fee) | ✓ | ✓ | | | | | | Freeman Welwood & Co. |
| ✓ | ✓ (fee) | ✓ (fee) | | | | | | | GIT Discount Brokerage |
| ✓ | ✓ (fee) | ✓ (fee) | | | | | | http://saturna.com | Investors National Corp. |
| ✓ | | ✓ | ✓ | ✓ | 25% | J.B.Online | ✓ | http://www.jboxford.com | J.B. Oxford |
| ✓ | ✓ (fee) | ✓ | | | | | | | J.D. Seibert & Company |
| ✓ | ✓ (fee) | ✓ | | ✓ | Varies | ComputerPATH | ✓ | http://pawws.com/jwc | Jack White & Company |
| ✓ | | ✓ | | | | | | | John Finn & Company |
| ✓ | ✓ (fee) | ✓ | | | | | | | Kennedy, Cabot & Co. |
| ✓ | ✓ (fee) | ✓ (fee) | | | | | | http://www.levitt-levitt.com | Levitt & Levitt |

Services

Self-Directed IRA: Self-directed individual retirement accounts can be set up.

No-Load Mutual Funds: No-load mutual funds can be purchased through the firm. Note that some firms charge for this, others do not. In addition, the number of funds available varies from firm to firm; check with the firm for a listing of available funds.

Dividend Reinvest Plans: Stock dividends can be automatically reinvested through the brokerage firm.

Clears Trades Directly: Firm is able to clear trades without going to an outside clearinghouse.

Computer Trading

On-Line Trading: Trades can be made through computer. The symbol ⊗ designates a firm that is primarily an on-line broker.

On-Line Discount: Trades placed on-line qualify for percentage discount off commission rate.

Software/Service: Software program or on-line service needed to place trades on-line.

Internet Trading: On-line trading conducted through the Internet.

Internet address: Web address is given where available for all brokers. Some sites are informational only.

| Telephone | * Brokerage Firm | Commission | | | | | | | Min. (\$) | Minimums to Balance Open Require (\$) | | Cash Balance | Fees | | | Research |
|----------------|------------------------------|---|--------------------|--|--------------------|--|------|-----------------------|-----------|---------------------------------------|-----------------|--------------|---------------------|-----------------------|----------------|----------|
| | | 100 Shares at \$50/Share Total: \$5,000 | | 500 Shares at \$50/Share Total: \$25,000 | | 1,000 Shares at \$5/Share Total: \$5,000 | | Transfer Account (\$) | | | | | Shares in Name (\$) | Inactive Account (\$) | | |
| | | as % of Trade (\$) | as % of Trade (\$) | as % of Trade (\$) | as % of Trade (\$) | | | | | | | | | | | |
| 800/688-3462 | Lombard Institutional | 34.00 | 0.68 | 34.00 | 0.13 | 34.00 | 0.68 | 34.00 | 500 | Sweep | | | | | Standard (fee) | |
| 800/221-3305 | Marquette de Bary Co. | 42.90 | 0.85 | 146.43 | 0.58 | 69.85 | 1.39 | 20.00 | | Sweep (\$1,000) | 50 | | 50 | | Standard | |
| 800/366-1500 | Marsh Block & Co. | 27.00 | 0.54 | 35.00 | 0.14 | 45.00 | 0.90 | 25.02 | | Sweep (\$1,000) | 50 | | | | Standard | |
| 800/223-6642 | Max Ule | 57.00 | 1.14 | 195.00 | 0.78 | 70.00 | 1.40 | 35.00 | | Interest (\$1,001) | | | 40 | | Both | |
| 800/643-9663 | Midwood Discount* | 36.50 | 0.73 | 36.50 | 0.14 | 36.50 | 0.73 | 36.50 | | Sweep | | | | | | |
| 800/621-2627 | Mongerson & Co. | 35.00 | 0.70 | 95.00 | 0.38 | 66.00 | 1.32 | 30.00 | | Sweep | 35 | 15 | | | Both | |
| 800/621-2627 | Mongerson & Co. Premier** | 35.00 | 0.70 | 65.00 | 0.26 | 90.00 | 1.80 | 35.00 | | Sweep | 35 | 15 | | | Both | |
| 800/872-0711 | Muriel Siebert Share Rates** | 75.00 | 1.50 | 75.00 | 0.30 | 75.00 | 1.50 | 75.00 | | Sweep | 50 | | | | Standard (fee) | |
| 800/872-0711 | Muriel Siebert Value Rates | 45.00 | 0.90 | 113.00 | 0.45 | 57.00 | 1.14 | 37.50 | | Sweep | 50 | | | | Standard (fee) | |
| 800/888-3999 | National Discount Brokers | 33.00 | 0.66 | 33.00 | 0.13 | 33.00 | 0.66 | 33.00 | 2,000 | Sweep | | 25 | 50 | | Standard (fee) | |
| 800/638-4250 | Net Investor* | 30.50 | 0.61 | 36.50 | 0.14 | 44.00 | 0.88 | 29.02 | 5,000 | Sweep | 50 | | 25 | | Standard | |
| 800/872-6533 | OLDE Discount | 40.00 | 0.80 | 100.00 | 0.40 | 52.50 | 1.05 | 20.00 | 1,000 | Sweep (\$1,000) | | | | | Custom | |
| 800/825-5723 | PC Financial Net Frequent | 29.95 | 0.59 | 29.95 | 0.11 | 29.95 | 0.59 | 29.95 | | Sweep (\$500) | | 15 | | | Both | |
| 800/825-5723 | PC Financial Network | 39.95 | 0.79 | 39.95 | 0.15 | 39.95 | 0.79 | 39.95 | | Sweep (\$500) | | 15 | | | Both | |
| 800/248-5008 | PT Discount Brokerage††† | 35.00 | 0.70 | 35.00 | 0.14 | 35.00 | 0.70 | 35.00 | 25,000 | Sweep | | | | | | |
| 800/421-8395 | Pacific Brokerage Services | 25.00 | 0.50 | 25.00 | 0.10 | 25.00 | 0.50 | 25.00 | | Interest (\$400) | 35 | | | | | |
| 800/772-4400 | People's Securities | 40.00 | 0.80 | 131.00 | 0.52 | 69.00 | 1.38 | 38.00 | | Sweep (\$1,000) | | | | | Standard (fee) | |
| 800/444-5880 ✕ | Perelman-Carley & Assoc. | 23.00 | 0.46 | 25.00 | 0.10 | 50.00 | 1.00 | 23.00 | | Interest | 20 | | | | | |
| 800/666-1440 | Peremel & Co. | 40.00 | 0.80 | 70.00 | 0.28 | 100.00 | 2.00 | 40.00 | 5,000 | Sweep | 25 | 15 | | | Standard (fee) | |
| 800/782-8871 | Prestige Status | 28.95 | 0.57 | 28.95 | 0.11 | 28.95 | 0.57 | 28.95 | 5,000 | Sweep (\$500) | | | | | Standard | |
| 800/672-7220 | Quick & Reilly | 49.00 | 0.98 | 119.50 | 0.47 | 60.50 | 1.21 | 37.50 | | Sweep | | | | | Standard | |
| 800/488-0090 | R.J. Forbes Group | 35.00 | 0.70 | 35.00 | 0.14 | 35.00 | 0.70 | 35.00 | 5,000 | 5,000 | Sweep | | | 35 | | |
| 800/328-8600 | Recom Securities | 39.00 | 0.78 | 163.00 | 0.65 | 75.00 | 1.50 | 35.00 | | Sweep | | | | | Standard | |
| 800/786-9000 | Regal Discount | 29.00 | 0.58 | 29.00 | 0.11 | 29.00 | 0.58 | 29.00 | | Sweep (\$500) | 25 | | | | Standard (fee) | |
| 718/448-2900 | Russo Securities* | 50.00 | 1.00 | 85.00 | 0.34 | 110.00 | 2.20 | 50.00 | | Sweep | | | | | Standard | |
| 800/961-1500 | Savoy Discount Brokerage | 36.00 | 0.72 | 36.00 | 0.14 | 36.00 | 0.72 | 36.00 | 2,000 | 2,000 | Sweep (\$1,500) | 50 | 10 | 25 | | |
| 800/619-7283 | Scottsdale Sec Safekeeping | 32.00 | 0.64 | 50.00 | 0.20 | 63.00 | 1.26 | 31.50 | | Interest | | 10 | | | Standard (fee) | |
| 800/619-7283 | Scottsdale Sec Supersaver** | 50.00 | 1.00 | 50.00 | 0.20 | 50.00 | 1.00 | 50.00 | 25,000 | 20,000 | Interest | | 10 | | Standard (fee) | |
| 800/619-7283 | Scottsdale Sec Trans & Ship | 35.00 | 0.70 | 55.00 | 0.22 | 70.00 | 1.40 | 35.00 | | Interest | | | | | Standard (fee) | |
| 800/732-7678 | Seaport Securities Corp.* | 34.00 | 0.68 | 50.00 | 0.20 | 70.00 | 1.40 | 34.00 | | Sweep | | | | | Standard | |
| 800/327-3156 | Securities Research | 45.00 | 0.90 | 115.00 | 0.46 | 95.00 | 1.90 | 35.00 | | Sweep (\$100) | | | | | Both | |
| 800/221-4242 | Shearman, Ralston | 40.00 | 0.80 | 110.00 | 0.44 | 106.00 | 2.12 | 40.00 | | Sweep (\$100) | | | 100 | | Standard | |
| 800/222-5520 | Sherry Bruce State Disc | 35.00 | 0.70 | 45.00 | 0.18 | 70.00 | 1.40 | 35.00 | | Sweep (\$100) | | | | | Standard | |
| 800/327-1536 | Shochet Securities | 65.00 | 1.30 | 152.00 | 0.60 | 97.00 | 1.94 | 40.00 | | Sweep | | | | | Standard | |
| 800/476-3738 | Southern Financial Group | 58.00 | 1.16 | 163.00 | 0.65 | 83.00 | 1.66 | 43.00 | | Sweep (\$100) | | | 35 | | Standard | |
| 800/726-7401 | St. Louis Discount* | 40.00 | 0.80 | 67.00 | 0.26 | 65.40 | 1.30 | 40.00 | | Interest | | | | | Standard | |
| 800/782-1522 | Sterling Investment | 45.00 | 0.90 | 124.50 | 0.49 | 69.50 | 1.39 | 40.00 | | Sweep | | | | | Standard | |
| 800/421-6563 | Stock Mart (The) | 35.75 | 0.71 | 162.70 | 0.65 | 62.87 | 1.25 | 30.00 | 10,000 | Sweep | | | 50 | | Standard | |
| 800/225-6196 ✕ | StockCross* | 33.50 | 0.67 | 67.50 | 0.27 | 110.00 | 2.20 | 25.09 | | Interest (\$3,000) | 10 | | | | | |
| 800/631-1635 ✕ | Summit Discount†††† | 43.00 | 0.86 | 98.00 | 0.39 | 60.00 | 1.20 | 30.00 | | Sweep (\$500) | | | | | Standard (fee) | |

*All firms offer SIPC coverage. Brokers with an ✕ before their name do not insure accounts above the SIPC minimum of \$500,000.

Cash Balance

Interest: Pays interest on customers' cash balances. Amounts in parentheses, if any, indicate minimum amount at which interest is paid. If a discount firm offers a sweep account, we do not include information on cash balance interest.

Sweep: Automatically invests cash balances in an interest-bearing money market fund until those funds are reinvested.

Fees

Transfer Account: Charge to transfer account to or from another broker.

Shares in Name: Charge to register stock certificate in owner's name.

Inactive Account: Charge levied if account remains inactive for a period of time.

Research

Standard: Research is supplied to the firm by outside sources.

Custom: Research is supplied by the firm's own analysts.

* Non-market orders are higher

** High volume rates

††† Formerly Pioneer Trading Discount Broker

†††† Formerly U.J.B. Investor Services

Investor's Guide to Discount Brokerage Firms

| Services | | | | Computer Trading | | | | Internet Address | Brokerage Firm |
|-------------------|----------------------|-------------------------|------------------------|------------------|----------------------|---------------------------|------------------|---|-----------------------------|
| Self-Directed IRA | No-Load Mutual Funds | Dividend Reinvest Plans | Clears Trades Directly | On-Line Trading | On-Line Discount (%) | Software/Service | Internet Trading | | |
| ✓ | ✓ (fee) | ✓ | | ✓ | Varies | | ✓ | http://www.lombard.com | Lombard Institutional |
| ✓ | | ✓ | | ✓ | 10% | | ✓ | http://www.debary.com | Marquette de Bary Co. |
| ✓ | ✓ (fee) | | | | | | | | Marsh Block & Co. |
| ✓ | | | ✓ | ✓ | 20% | | ✓ | http://www.maxule.com | Max Ule |
| ✓ | ✓ (fee) | ✓ | | ✓ | | PC Invest (IBM only) | | | Midwood Discount |
| ✓ | | ✓ (fee) | | | | | | | Mongerson & Co. |
| ✓ | | ✓ (fee) | | | | | | | Mongerson & Co. Premier |
| ✓ | ✓ (fee) | ✓ | | ✓ | 10% | Siebert On-line | | | Muriel Siebert Share Rates |
| ✓ | ✓ (fee) | ✓ | | ✓ | 10% | Siebert On-line | | | Muriel Siebert Value Rates |
| ✓ | ✓ (fee) | | | ✓ | 15% | | ✓ | http://pawws.com/ndb | National Discount Brokers |
| ✓ | ✓ (fee) | ✓ | ✓ | ✓ | | | ✓ | http://www.netinvestor.com | Net Investor |
| ✓ | | | ✓ | | | | | http://www.olde.com | OLDE Discount |
| ✓ | ✓ (fee) | ✓ | ✓ | ✓ | | AOL/Prodigy, Reuters | ✓ | http://www.pcfm.com | PC Financial Net Frequent |
| ✓ | ✓ (fee) | ✓ | ✓ | ✓ | | AOL/Prodigy, Reuters | ✓ | http://www.pcfm.com | PC Financial Network |
| ✓ | ✓ (fee) | ✓ | | | | | | http://www.ptdiscount.com | PT Discount Brokerage |
| ✓ | | | ✓ | ✓ | Varies | | ✓ | http://www.tradepbs.com | Pacific Brokerage Services |
| ✓ | | ✓ | | | | | | | People's Securities |
| ✓ | ✓ (fee) | | ✓ | | | | | | Perelman-Carley & Assoc. |
| ✓ | ✓ (fee) | ✓ | | | | | | | Peremel & Co. |
| ✓ | | | | | | | | | Prestige Status |
| ✓ | ✓ (fee) | ✓ | | ✓ | 10% | QuickWay Plus | ✓ | http://www.quick-reilly.com | Quick & Reilly |
| ✓ | ✓ (fee) | ✓ | | | | | | http://www.rjforbes.com | R.J. Forbes Group |
| ✓ | | ✓ | | | | | | | Recom Securities |
| ✓ | ✓ (fee) | ✓ (fee) | | ✓ | 10% | CommandLine PC (IBM only) | | http://www.regaldiscount.com | Regal Discount |
| ✓ | | | | | | | | | Russo Securities |
| ✓ | | ✓ | | ✓ | 22% | SmartTrade | | http://www.savoystocks.com | Savoy Discount Brokerage |
| ✓ | | | ✓ | ✓ | 10% | | ✓ | http://www.discountbroker.com | Scottsdale Sec Safekeeping |
| ✓ | | | ✓ | ✓ | 10% | | ✓ | http://www.discountbroker.com | Scottsdale Sec Supersaver |
| ✓ | | | ✓ | | | | | http://www.discountbroker.com | Scottsdale Sec Trans & Ship |
| ✓ | ✓ (fee) | ✓ | | | | | | | Seaport Securities Corp. |
| ✓ | ✓ (fee) | ✓ (fee) | | | | | | | Securities Research |
| ✓ | ✓ (fee) | ✓ | | | | | | | Shearman, Ralston |
| ✓ | ✓ (fee) | ✓ | | | | | | http://www.state-discount.com | Sherry Bruce State Disc |
| ✓ | ✓ (fee) | | | | | | | | Shochet Securities |
| ✓ | | ✓ (fee) | | | | | | | Southern Financial Group |
| ✓ | | | | | | | | | St. Louis Discount |
| ✓ | ✓ (fee) | ✓ (fee) | | | | | | | Sterling Investment |
| ✓ | | ✓ (fee) | | | | | | | Stock Mart (The) |
| ✓ | | | ✓ | | | | | | StockCross |
| ✓ | ✓ (fee) | | | | | | | | Summit Discount |

Services

Self-Directed IRA: Self-directed individual retirement accounts can be set up.

No-Load Mutual Funds: No-load mutual funds can be purchased through the firm. Note that some firms charge for this, others do not. In addition, the number of funds available varies from firm to firm; check with the firm for a listing of available funds.

Dividend Reinvest Plans: Stock dividends can be automatically reinvested through the brokerage firm.

Clears Trades Directly: Firm is able to clear trades without going to an outside clearinghouse.

Computer Trading

On-Line Trading: Trades can be made through computer. The symbol ☼ designates a firm that is primarily an on-line broker.

On-Line Discount: Trades placed on-line qualify for percentage discount off commission rate.

Software/Service: Software program or on-line service needed to place trades on-line.

Internet Trading: On-line trading conducted through the Internet.

Internet address: Web address is given where available for all brokers. Some sites are informational only.

| Telephone | * Brokerage Firm | Commission | | | | | | | | Minimums to Balance Open Require | | | Fees | | | Research |
|--------------|------------------------------------|--|-------|---|-------|---|-------|--------------|-----------------------------|--|--------------------|----|---------------------------|-----------------------------|----------------|----------|
| | | 100 Shares at \$50/Share Total: \$5,000 as % of | | 500 Shares at \$50/Share Total: \$25,000 as % of | | 1,000 Shares at \$5/Share Total: \$5,000 as % of | | Min. (\$) | Transfer Account (\$) | | | | Shares in Name (\$) | Inactive Account (\$) | | |
| | | (\$) | Trade | (\$) | Trade | (\$) | Trade | | | | | | | | | |
| 800/638-5660 | T. Rowe Price Discount | 46.00 | 0.92 | 134.00 | 0.53 | 80.00 | 1.60 | 35.00 | 2,500 | 2,000 | Sweep | 25 | 15 | | | |
| 800/522-3000 | Tradex Brokerage | 35.00 | 0.70 | 95.00 | 0.38 | 75.00 | 1.50 | 25.00 | | | Sweep (\$1,000) | | | | | |
| 800/962-5489 | Tuttle Securities | 55.00 | 1.10 | 140.00 | 0.56 | 90.00 | 1.80 | 40.00 | | | Sweep (\$500) | | 15 | 35 | Standard | |
| 800/531-8343 | USAA Brokerage Services | 45.00 | 0.90 | 136.00 | 0.54 | 72.00 | 1.44 | 35.00 | | | Sweep | 25 | | | | |
| 800/862-7283 | Unified Management Corp. | 54.00 | 1.08 | 154.00 | 0.61 | 90.00 | 1.80 | 38.00 | | | Sweep (\$101) | 25 | 15 | 35 | | |
| 800/992-8327 | Vanguard Discount | 48.00 | 0.96 | 135.00 | 0.54 | 77.00 | 1.54 | 36.25 | 3,000 | | Sweep | | | | Standard (fee) | |
| 800/374-0090 | Vision Securities | 45.00 | 0.90 | 57.50 | 0.23 | 100.00 | 2.00 | 45.00 | | | Sweep | | | | Standard (fee) | |
| 800/426-8106 | Voss & Co. | 53.63 | 1.07 | 162.70 | 0.65 | 104.78 | 2.09 | 49.00 | | | Sweep | | | | Standard | |
| 800/935-6633 | W.J. Gallagher & Co. | 45.00 | 0.90 | 50.00 | 0.20 | 100.00 | 2.00 | 45.00 | | | Sweep | | | 35 | | |
| 800/487-2339 | Wall Street Access ^{††††} | 45.00 | 0.90 | 45.00 | 0.18 | 45.00 | 0.90 | 45.00 | 10,000 | | Sweep | | | | Standard (fee) | |
| 800/221-7990 | Wall Street Discount | 35.00 | 0.70 | 35.00 | 0.14 | 50.00 | 1.00 | 35.00 | | | Interest (\$1,001) | 25 | | | Standard | |
| 800/321-4877 | ✗ Wall Street Equity, Inc.* | 15.00 | 0.30 | 15.00 | 0.06 | 15.00 | 0.30 | 15.00 | 2,000 | | Interest (\$2,000) | 50 | 25 | | | |
| 800/843-9601 | Washington Disc. Frequent | 25.00 | 0.50 | 25.00 | 0.10 | 25.00 | 0.50 | 25.00 | 10,000 | | Interest | | 25 | 100 | | |
| 800/934-4410 | Waterhouse Securities | 35.00 | 0.70 | 111.74 | 0.44 | 54.72 | 1.09 | 35.00 | | | Sweep | | | | Standard (fee) | |
| 800/669-4483 | White Discount Securities | 31.00 | 0.62 | 39.00 | 0.15 | 49.00 | 0.98 | 29.02 | | | Sweep (\$2,000) | | | | Standard (fee) | |
| 800/223-5023 | Whitehall Securities Inc. | 50.00 | 1.00 | 62.50 | 0.25 | 125.00 | 2.50 | 50.00 | | | Interest (\$2,001) | | | | Standard | |
| 800/926-9991 | Wilshire Capital Mgmt | 30.00 | 0.60 | 30.00 | 0.12 | 50.00 | 1.00 | 30.00 | | | Interest | | | | Standard | |
| 800/221-3154 | York Securities | 35.00 | 0.70 | 43.00 | 0.17 | 53.00 | 1.06 | 35.00 | | | Sweep | | | | Standard | |
| 800/433-5132 | Young, Stovall | 50.00 | 1.00 | 136.00 | 0.54 | 78.00 | 1.56 | 35.00 | | | Sweep | | | | Standard | |
| 800/800-3215 | Your Discount Broker | 35.00 | 0.70 | 55.00 | 0.22 | 70.00 | 1.40 | 35.00 | | | Sweep | | 20 | 25 | Standard | |
| 800/328-4854 | Ziegler Thrift Trading | 48.00 | 0.96 | 130.50 | 0.52 | 69.50 | 1.39 | 34.50 | | | Sweep | | | | Standard | |
| | Average | 38.85 | 0.77 | 79.38 | 0.31 | 61.72 | 1.23 | 34.48 | | | | | | | | |
| | Highest | 75.00 | 1.50 | 195.00 | 0.78 | 125.00 | 2.50 | 75.00 | | | | | | | | |
| | Lowest | 12.00 | 0.24 | 12.00 | 0.04 | 12.00 | 0.24 | 12.00 | | | | | | | | |

*All firms offer SIPC coverage. Brokers with an ✕ before their name do not insure accounts above the SIPC minimum of \$500,000.

Cash Balance

Interest: Pays interest on customers' cash balances. Amounts in parentheses, if any, indicate minimum amount at which interest is paid. If a discount firm offers a sweep account, we do not include information on cash balance interest.

Sweep: Automatically invests cash balances in an interest-bearing money market fund until those funds are reinvested.

Fees

Transfer Account: Charge to transfer account to or from another broker.

Shares in Name: Charge to register stock certificate in owner's name.

Inactive Account: Charge levied if account remains inactive for a period of time.

Research

Standard: Research is supplied to the firm by outside sources.

Custom: Research is supplied by the firm's own analysts.

* Non-market orders are higher

** High volume rates

††††† Formerly Wall Street Investors

- Trades made using a computer or touch-tone phone.

Examples of additional charges that may not be reflected in these examples include:

- Shares that are particularly low-priced, such as stocks selling for under \$5 a share.
- A small number of firms levy extra charges for odd lots (any number of shares less than 100—for instance, a sale of 553 shares consists of five round lots of 100, and an odd lot of 53 shares).
- A small number of firms (indicated by an asterisk after their name) levy

extra charges for non-market orders such as limit and stop orders.

- Some brokers charge extra for special handling, such as transferring an account to or from another broker or registering certificates in the owner's name and mailing it to the owner. These charges are shown in the table under Fees. Also, many brokers charge a fee for accounts that post no activity for a period of time. In the majority of cases, the fee is triggered after an account has been idle for one year.

Also, quoted spreads can vary widely between brokers at any given

time. The spread is the difference between the bid (price at which you can sell) and ask (price at which you can buy).

Minimums. Some discounters require a minimum to open an account (**to Open**). This can usually be met by sending the broker either cash or securities. Also, a broker may require that a certain balance be maintained in your account at all times (**Balance Require**). These requirements, where in force, are listed in the column after the commissions.

Cash Balance. Most investors want assurance that any cash balances are

Investor's Guide to Discount Brokerage Firms

| Services | | | | Computer Trading | | | | | Brokerage Firm |
|-------------------|----------------------|-------------------------|------------------------|------------------|----------------------|--------------------------------|------------------|---|---------------------------|
| Self-Directed IRA | No-Load Mutual Funds | Dividend Reinvest Plans | Clears Trades Directly | On-Line Trading | On-Line Discount (%) | Software/Service | Internet Trading | Internet Address | |
| ✓ | ✓ (fee) | ✓ | ✓ | ✓ | 10% | T. Rowe Price Online | | http://www.troweprice.com | T. Rowe Price Discount |
| ✓ | ✓ (fee) | ✓ | | | | | | | Tradex Brokerage |
| ✓ | ✓ | ✓ | | | | | | | Tuttle Securities |
| ✓ | ✓ (fee) | ✓ | | ✓ | 10-15% | DirectInvesting | | | USAA Brokerage Services |
| ✓ | ✓ (fee) | ✓ | | | | | | | Unified Management Corp. |
| ✓ | ✓ (fee) | ✓ | | | | | | http://www.vanguard.com | Vanguard Discount |
| ✓ | ✓ | | | | | | | | Vision Securities |
| ✓ | | ✓ (fee) | | | | | | | Voss & Co. |
| ✓ | | ✓ (fee) | | | | | | | W.J. Gallagher & Co. |
| ✓ | | ✓ | | ✓ | | Wall Street Access for Windows | | http://www.wsaccess.com | Wall Street Access |
| ✓ | ✓ (fee) | ✓ (fee) | | | | | | | Wall Street Discount |
| | | | ✓ | | | | | | Wall Street Equity, Inc. |
| ✓ | ✓ (fee) | | | | | | | | Washington Disc Frequent |
| ✓ | ✓ (fee) | ✓ | ✓ | | | | | http://www.waterhouse.com | Waterhouse Securities |
| ✓ | ✓ (fee) | ✓ | | ✓ | Varies | | ✓ | http://www.wdsonline.com | White Discount Securities |
| ✓ | | ✓ | | | | | | | Whitehall Securities Inc. |
| ✓ | ✓ | | | | | | | | Wilshire Capital Mgmt |
| ✓ | ✓ | ✓ (fee) | | | | | | http://www.yose.com | York Securities |
| ✓ | ✓ | ✓ | | | | | | | Young, Stovall |
| ✓ | ✓ (fee) | ✓ | | | | | | | Your Discount Broker |
| ✓ | ✓ (fee) | ✓ | ✓ | | | | | http://www.ziegler-thrift.com | Ziegler Thrift Trading |

Services

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No-Load Mutual Funds: No-load mutual funds can be purchased through the firm. Note that some firms charge for this, others do not. In addition, the number of funds available varies from firm to firm; check with the firm for a listing of available funds.

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Internet Trading: On-line trading conducted through the Internet.

Internet address: Web address is given where available for all brokers. Some sites are informational only.

earning interest. Most discount firms pay interest on these funds, although some will only pay interest on amounts above a certain minimum. A sweep account automatically invests cash balances (for instance, funds from the sale of shares) in an interest-bearing money market fund until those funds are reinvested. Money market funds usually pay a higher rate of interest than cash balance accounts that simply earn interest. In the listings, we indicate if a brokerage firm offers a sweep account by the word "Sweep," followed by any minimum amounts required for such an arrangement

(note that after this minimum is met, any additional cash, regardless of how small, is swept into the money market fund). If the firm does not offer a sweep account but pays interest on uninvested funds, we use the word "Interest," followed by the minimum amount upon which it pays interest, if a minimum applies.

RESEARCH AND OTHER SERVICES

Price isn't the sole consideration for most individual investors when selecting a discount broker. Other services provided by the firm are also

important considerations.

All of the firms in the survey have SIPC coverage, which insures (through the Securities Investor Protection Corp.) the securities and cash in customer accounts up to a maximum of \$500,000 per customer. In addition, all but five of the firms in the survey have purchased additional private insurance protection for their customer accounts. The five firms without additional protection are designated by the symbol X before their names.

Other services provided by discount brokerage firms vary, and in the listing we have included information on

the most popular ones:

- **Research.** Some discounters offer research information and investment recommendations on various topics, such as the economy, business conditions, and specific companies. In the listing, we have divided research reports into two types: "Standard" denotes reports that are supplied to the firm by an outside source, such as Standard & Poor's or Value Line; "Custom" refers to reports that are researched in-house by the firm's own analysts. Some brokers subscribe to Wall Street by Fax, a program that provides standard reports to a firm's clients by fax machine. Brokers may charge for standard or custom research information; those that do are noted under the column labeled Research. Remember to check whether research is available through a broker's Web site for free.
- **Self-Directed IRA.** All but one of the firms in the survey offer self-directed individual retirement accounts. IRA accounts can have different minimums and fees than regular accounts at brokerages, so be sure to check the requirements when setting up an IRA.
- **No-load mutual funds.** Many discount firms offer no-load mutual funds for their customers; while many charge a fee for the transaction, some discounters offer a certain number of no-load funds at no charge to the customer. Investors interested in this service should request a list of the funds offered from the discounter, as well as the charges. We indicate if the firm offers no-load mutual funds and we note if a fee is charged on any mutual funds traded. [See "The Individual Investor's Guide to No-Transaction-Fee Discount Brokers," by John Markese in the September 1996 *AAII Journal* for more details on brokers that offer mutual funds.]
- **Dividend reinvestment.** Some discount brokers will allow an investor to automatically reinvest dividends through the firm; while many charge

for this service, it is not at the standard rates (in which the minimum may apply). The average charge is \$2 for each dividend payment that is reinvested. We indicate if the firm offers this arrangement and we note if a fee is charged.

- **Direct Clearing of Trades.** Some brokerage firms, particularly smaller ones, use other brokers to clear their trades. Some investors feel that firms able to clear their own trades may offer somewhat better execution of trades.

COMPUTER ACCESS

Thirty-six discount brokerage firms offer on-line trading to customers with a computer and modem. Some are primarily on-line businesses—noted by the symbol ☉ in the table—so that you must have a computer to trade with them. (They usually maintain touch-tone phone trading systems also.)

A few firms give discounts on their commissions to trades placed on-line. We indicate the percentage discount, if any, in the table. We also specify whether a particular software or on-line service is needed to trade through an on-line broker.

Internet addresses are listed, but only brokers with a checkmark in front of the Web address allow trading through the Internet.

ADDITIONAL SERVICES

While we have listed the most popular services in our guide, there are many others offered by discount brokers. Some firms, for instance, have offices in many locations, a consideration for investors who want the reassurance of a local contact. Check with the firm for a list of branch-office locations if this is an important consideration to you. Most of the discount brokers listed here have 800 phone numbers, so that calls are toll-free regardless of where they are located.

Most discounters offer current market quotes, but several also have a

24-hour touch-tone telephone service that allows quick access to account information, market quotes and trades. At the other end of the spectrum, brokers that are exclusively on-line may not handle any telephone calls for information.

Some brokerage firms offer asset management accounts with checkwriting privileges, debit cards, the direct deposit of payroll checks and other checks, and ATM access cards.

Most discounters offer the standard broker fare of margin accounts, trading of other instruments (options, bonds, and certificates of deposit, for instance), wire transfers, confirmations of trades, and monthly statements.

HOW TO USE THE LISTING

The listing here is intended to give you a starting point if you are seeking a discount brokerage firm or if you want to see how your current broker stacks up.

Compare the commission charges for the kinds of trades that you are most likely to make, and make note of fees that may be charged for services you are likely to use. Then select several discounters to call for more information. When calling a firm, ask for a commission schedule and a description of the services they offer. Double-check the charges in the listings here—prices change, and although we have made every attempt to provide recent and accurate information, it is best to confirm the charges yourself. You should also check for other charges that may apply to your particular situation; for instance, some firms charge a flat fee to open an account.

In addition, make sure you are comfortable with any firm you choose; our listing does not attempt to rate the financial condition or the service quality of the firms. [For more on evaluating brokerage firms, see "How Safe Is Your Money? What to Ask Your Financial Institutions," by Martin D. Weiss in the August 1992 *AAII Journal*.]